

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF BOONE COUNTY WATER)	
AND SEWER DISTRICT TO PROVIDE FOR EIGHT)	CASE NO. 94-526
INCH MAINS)	

O R D E R

On November 29, 1994, Boone County Water and Sewer District ("Boone Water") filed tariff revisions with the Commission. On December 28, 1994, the Commission suspended the tariff filing for five months beginning January 1, 1995, for further review and consideration of the proposed changes. As Boone Water failed to provide persuasive documentation to justify its proposals, by Order dated May 31, 1995, the Commission denied the proposed tariff revisions. On June 21, 1995, Boone Water filed for rehearing. According to Boone Water, if rehearing was granted it would submit additional information in order to permit the Commission "the opportunity to review the applicant's request in light of all available documentation and justification for its request." Rehearing was granted on July 7, 1995.

Boone Water's filing contained two proposals. The first is to require that connections from the water distribution system for private fire protection be constructed on mains not less than eight inches in diameter, and also reserves to Boone Water the right to require all newly constructed transmission mains be as large as the main to which they are connected and be a minimum of eight inches

in subdivisions and improved areas. This proposal is reasonable and should be approved.

Boone Water's main proposal would establish a Transmission Line Extension Reimbursement Program. Under this program, any developer who makes an eight inch or greater lateral connection to a transmission line which has been extended by an applicant to Boone Water's Transmission Line Extension Reimbursement Program must pay a \$10,000 connection fee to Boone Water. For this program, a transmission line is defined as a water line with a minimum size of 12 inches in diameter which supplies distribution lines. After collecting the \$10,000 connection fee, Boone Water would reimburse the original developer who installed the transmission line, subject to certain provisions.

These provisions are that the applicant must have properly applied to participate in the program, Boone Water must have certified the cost of the transmission line extension and its date of completion, and the lateral connection must be made within 10 years of the date of completion of transmission line. Furthermore, no applicant to the program would be entitled to reimbursement from Boone Water in excess of the cost of the transmission line extension less \$10,000. For this purpose, reimbursements include those made under the Transmission Line Extension Reimbursement Program and those made pursuant to 807 KAR 5:066, Section 11(3), which provides for reimbursements equal to the cost of 50 feet of the extension for each new customer directly connected.

After a thorough review of the record, including the additional information supplied by Boone Water upon rehearing, Boone Water's Transmission Line Extension Reimbursement Program proposal should again be denied. It was previously denied because Boone Water failed to provide persuasive documentation. In particular, it provided no cost justification for the \$10,000 fee. Rehearing was granted assuming that Boone Water would submit additional information to justify its proposal which had not previously been available to the Commission. While additional information has been supplied, it remains unpersuasive. KRS 278.400 only allows a party to offer additional evidence that could not with reasonable diligence have been previously offered. The additional information supplied by Boone Water could have, with reasonable diligence, been previously offered.

Furthermore, Boone Water's proposal may not be appropriate for each and every situation. The matter could be better addressed on a case-by-case basis. As the proposal does not involve customers and does not affect Boone Water's revenues, it is not an appropriate program to include in Boone Water's general tariff. 807 KAR 5:066, Section 11(4), permits a utility to make extensions under arrangements different than those specifically provided in that section subject to Commission approval. This approach is available to Boone Water as a better solution to the developers' problem.

IT IS THEREFORE ORDERED that:

1. Boone Water's proposed tariff revision which would require that connections from the water distribution system for private fire protection be constructed on mains not less than eight inches in diameter, and would also reserve to Boone Water the right to require all newly constructed transmission mains be as large as the main to which they are connected and be a minimum of eight inches in diameter in subdivisions and improved areas, is approved.

2. Boone Waters's proposed tariff revision which would establish a Transmission Line Extension Reimbursement Program is denied.

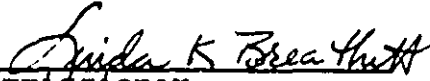
3. Boone Water shall file a revised tariff sheet including the changes hereby approved within 30 days of the date of this Order.

Done at Frankfort, Kentucky, this 25th day of September, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director